

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 6101)
Petitions for renewal of Certificates of Public Good held)
by Mountain Cable Company and Better TV, Inc. of)
Bennington, both d/b/a Adelphia Cable Communications)

Docket No. 6223
Motion of Vermont Department of Public Service for a)
show cause hearing re: noncompliance by Mountain)
Cable Company d/b/a Adelphia Cable Communications)
of Stipulation and Board Order)

Docket No. 6656
Investigation into compliance by Adelphia Cable)
Communications with the provisions of the Final Order)
in Dockets 6101 and 6223)

Docket No. 6778
Certificate of Public Good Obligations of Better TV,)
Inc., of Bennington, FrontierVision Operating Partners,)
L.P., Harron Communications Corporation, Lake)
Champlain Cable Television Corporation, Mountain)
Cable Company, Multi-Channel TV Cable Company,)
Richmond Cable Television Corporation and Young's)
Cable TV Corporation, all d/b/a Adelphia Cable)
Communications)

and

Docket No. 6877
Investigation into compliance by Adelphia Cable)
Communications with Board Orders, and into)
Adelphia's progress on performing its required)
line extension construction)

STIPULATION AND AGREEMENT

This Stipulation and Agreement (“Stipulation”) is made and entered into this 20th day of November, 2003 between the Vermont Department of Public Service (“Department”), by and through the Director for Public Advocacy and its undersigned counsel, and Better T.V., Inc. of Bennington, FrontierVision Operating Partners, L.P., Adelphia Cable Corp. f/k/a Harron Communications Corporation, Lake Champlain Cable Television Corporation, Mountain Cable Company, L.P., Multi-Channel T.V. Cable Company, Richmond Cable Television Corporation and Young's Cable TV Corp., all d/b/a Adelphia Cable Communications (“Adelphia”), by and through its undersigned Vice President, Law and Public Policy, (the Department and Adelphia collectively “the Parties”).

RECITALS

WHEREAS, on April 28, 2000 and July 19, 2000, in Dockets 6101/6223, and on June 6, 2001 in Docket No. 6165, the Public Service Board (“Board”) issued Final Orders and Certificates of Public Good (“CPGs”) granting renewal of Adelphia’s Vermont franchises and specifying certain conditions Adelphia is required to comply with during the eleven-year term of the renewed franchises;

WHEREAS, in the April 28, 2000 Order in Dockets 6101/6223, the Board imposed penalties for Adelphia’s violations of prior Board Orders and Vermont law;

WHEREAS, on August 18, 2000, Adelphia commenced suit in the United States District Court for the District of Vermont, Civil Action No. 1:00-CV-298, against the Public Service Board seeking review of certain of the specific CPG conditions imposed on Adelphia by the Final Orders and CPGs issued in Dockets 6101/6223 and that action remains active and pending;

WHEREAS, in November 2000, the Board opened Docket 6445, a formal investigation to determine Adelphia’s compliance with Condition 43 of the CPGs issued in Dockets 6101/6223;

WHEREAS, on May 31, 2001, Adelphia and the Department entered into a Stipulation and Agreement in Docket 6445 (“Docket 6445 Stipulation”) in which Adelphia agreed to pay a total of \$100,000 and to implement new house count survey procedures for the identification of line extensions it must build without customer contribution;

WHEREAS, on August 2, 2001, the Board issued a Final Order approving the Docket 6445 Stipulation and, based on Adelphia’s implementation of the new house count survey procedures, required Adelphia to construct without customer contribution, by no later than April 2, 2003, a total of 1,622 miles of specifically identified line extensions, subject only to strand mapping (“Docket 6445 Line Extensions”);

WHEREAS, on March 20, 2002, the Board opened Docket 6656, a formal investigation of Adelphia's failure to comply with the Final Orders in Dockets 6101/6223, and that investigation remains active and pending;

WHEREAS, on June 25, 2002, Adelphia and certain of its subsidiaries and affiliates filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") with the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court");

WHEREAS, on November 12 and 25, 2002, Adelphia filed petitions with the Board seeking modification of its line extension obligations imposed in Dockets 6101/6223 and 6445, and those petitions were investigated in Docket 6778;

WHEREAS, on April 11, 2003, the Board issued a Final Order in Docket 6778 substantially granting the adjustment to the line extension cost figure Adelphia sought for all line extensions identified subsequent to those in Docket 6445, but denying any adjustment to the Docket 6445 Line Extensions;

WHEREAS, on August 8, 2003, Adelphia commenced suit in the United States District Court for the District of Vermont, Civil Action No. 1:03-CV-219, against the Public Service Board seeking review of the Final Order issued in Docket 6778 and that action remains active and pending;

WHEREAS, on August 26, 2003, the Board opened Docket 6877 to formally investigate Adelphia's compliance with the terms of its franchises, its progress toward construction of the Docket 6445 Line Extensions and to determine whether penalties, including revocation of its CPGs, should be assessed against Adelphia pursuant to Vermont law;

WHEREAS, in the interest of resolving all of the currently outstanding issues in the above-referenced disputes that are active and pending in Dockets 6101/6223, 6656, 6778, 6877 and in the federal court cases, Civil Action Nos. 1:00-CV-298 and 1:03-CV-219, and in the ultimate interest of serving the public, the Parties assert that an appropriate settlement of this matter without protracted litigation is in the best interests of the Department, Adelphia and the public; and

WHEREAS, the parties agree that one of the overriding goals of this Stipulation is to increase broadband penetration in the State of Vermont and provide Vermont residents with access to advanced cable television and telecommunications services. The Parties agree that the services provided by Adelphia are vital to Vermont citizens and businesses if they are to enjoy the fruits of technological progress and to compete effectively. Adelphia recognizes that it is in its best interests to maintain high standards of service and to avoid an adversarial relationship with the Department and the

Board; the Department recognizes that the public is best served when Adelphia fulfills its responsibilities to its customers without the necessity of regulatory intervention. With this agreement, the Parties commit to resolve past disputes and to work positively toward these overriding goals. The Parties further commit to use best efforts to ensure that any interpretation of this Stipulation be consistent with the aforementioned goals.

NOW THEREFORE, in consideration of the mutual promises and representations contained herein, the parties agree and stipulate as follows:

TERMS AND CONDITIONS

1. Adelphia commits to construct all Docket 6445 Line Extensions that remain to be constructed ("Remaining Docket 6445 Line Extensions") in accordance with the following conditions:

A. The Remaining Docket 6445 Line Extensions, which total approximately 1,262 miles, shall be those identified in the document titled "Adelphia 4th Quarter 2002 'Quarterly Report'" and attached tables, which are attached to this agreement as Attachment A and shall not be subject to further revision or disqualification, including by refinement of strand maps, update of house counts, or revised construction cost estimates.

B. Adelphia will construct and activate the Remaining Docket 6445 Line Extensions by the following dates:

<u>Milestone Date</u>	<u>Milestone (Cumulative Miles Activated)</u>	<u>Penalty/mile short</u>
By 12/31/04	200 (See ¶ 1.D. below)	\$25,000
By 12/31/05	400 (See ¶ 1.E. below)	\$26,000
By 12/31/06	700 (See ¶ 1.F. below)	\$27,000
By 12/31/07	1000 (See ¶ 1.F. below)	\$28,000
By 12/31/08	Total Remaining Docket 6445 Line Extensions (¶ 1.F. below)	\$29,000

If the cumulative total miles to be constructed and activated by a specific Milestone are not met by the specified date, Adelphia shall be subject to a penalty effective the January 1st immediately following the applicable Milestone Date and as specified in paragraph 2 below. The penalty amount shall equal the product of the applicable "Penalty per mile-short," as set

forth above, and the Milestone for the applicable year less the number of Remaining Docket 6445 Line Extensions constructed and activated as of the applicable Milestone date.¹

The Parties acknowledge that Adelphia has undertaken in 2003 construction of some line extensions that are identified in Attachment A as Remaining Docket 6445 Line Extensions. The Parties agree that any of the Remaining Docket 6445 Line Extension miles built by Adelphia in 2003 shall not be counted towards any of Adelphia's cumulative Milestones until the final year of construction; provided, however, if Adelphia has constructed and activated more than 60 such line extension miles by December 31, 2003, then any incremental amount over and above 60 miles may be counted toward Adelphia's 2004 Milestone.

C. The Milestone and the penalty, if any, that is otherwise applicable at the end of a particular calendar year will be waived in the event, and only to the extent, that Adelphia does not reach the Milestone by the Milestone Date due to events beyond its control such as Force Majeure events as described in this subparagraph. Adelphia shall diligently perform its obligations under this Agreement, but conditions may arise that prevent or delay its performance because of causes beyond Adelphia's reasonable control including, without limiting the generality of the foregoing, flood, earthquake, hurricane, ice storm, blizzard, fire, explosion, war, riot, civil disturbance, labor disturbance, strike, sabotage, and restraint by court that, by exercise of due diligence and foresight, Adelphia could not have been expected to

¹For example, if Adelphia, as of December 31, 2006, has constructed and activated 600 Remaining Docket 6445 Line Extensions, the penalty then applicable would be calculated as follows:

Milestone for 12/31/2006:	700 miles
Cumulative Remaining Docket 6445 Line Extensions constructed and activated by 12/31/2006:	<u>600 miles</u>
Miles short:	100 miles
Penalty per mile short:	<u>\$27,000 /mile</u>
Penalty immediately due:	\$2,700,000

By way of further example, if Adelphia subsequently constructed and activated no additional miles during calendar year 2007, the additional penalty then applicable would be calculated as follows:

Milestone for 12/31/2007:	1000 miles
Cumulative Remaining Docket 6445 Line Extensions constructed and activated by 12/31/2007:	<u>600 miles</u>
Miles short:	400 miles
Penalty per mile short:	<u>\$28,000 /mile</u>
Additional penalty immediately due:	\$11,200,000

avoid. If Adelphia is rendered unable to fulfill any obligations by reason of such causes, it shall be excused from performing for the time and to the extent it is prevented or delayed from so doing, but shall exercise due diligence to correct such inability with all reasonable dispatch. Force Majeure events do not include circumstances such as incomplete make-ready work, unavailability of equipment or commercial impracticability; except they shall include incomplete make-ready work, when Adelphia has followed the requirements of PSB Rule 3.700 and the owner(s) of the poles have failed to complete make-ready as required by that rule and by tariffs and Adelphia has timely taken all steps available to it under Rule 3.700 to compel the pole owner(s) to complete make-ready.

If Adelphia experiences an event that it contends qualifies under this subparagraph and that it contends impacts its ability to meet its obligations for an upcoming Milestone Date, it shall within ten (10) business days of the event, or of the date on which Adelphia knew or reasonably should have known of the event, notify the Department and Board in writing of the occurrence and nature of the event and its intent to invoke the protections of this subparagraph. Failure to provide timely notice shall be deemed a waiver of any protections otherwise available under this paragraph for the event in question. Thereafter, Adelphia shall file written reports with the Board and Department every thirty (30) days detailing the effects of the event, the extent of the event's impact on Adelphia's ability meet its obligations for the approaching Milestone Date, why the event is having such an effect, and an estimate of how long it will take Adelphia to correct the inability to perform that resulted from the event. Once the effects of the event are overcome and any mileage shortfall corrected, Adelphia shall within ten (10) business days so report in writing to the Board and the Department and additional reports relating to the claimed event will no longer be required.

Adelphia may, at any time subsequent to an initial notification that it is invoking Force Majeure under this paragraph and prior to the next Milestone Date, petition the Board for a ruling on the appropriateness of the claim and extent of the Force Majeure waiver. In the event the claim of Force Majeure applies to more than one Milestone Date, Adelphia may file a subsequent petition as necessary prior to each such affected Milestone Date. The Department shall work with Adelphia to resolve questions arising under this paragraph prior to the filing of any such petition by Adelphia. If the Department and Adelphia resolve all issues under a claim of waiver of Milestone under this paragraph, they shall jointly report to the Board, the report will be deemed a stipulated petition, and the waiver of Milestone shall be deemed approved by the Board absent notice of investigation or hearing issued by the Board within thirty (30) days of the filing of any such report. In the event the Department and Adelphia are unable to resolve questions arising under this paragraph prior to the filing of any such petition by Adelphia, then for those unresolved questions Adelphia shall bear the burden of demonstrating the

appropriateness of the requested Milestone waiver and extent of the Milestone waiver claimed. No claimed waiver of any Milestone shall be effective until approved by the Board. However, the due date for payment of any penalties based on mileage subject to the claimed waiver shall be tolled until Adelphia's petition is resolved by the Board.

D. The Milestone and the penalty, if any, that is otherwise applicable at the end of calendar year 2004 (200 miles activated) will be waived in the event Adelphia expends \$5 million or more in calendar year 2004 on Remaining Docket 6445 Line Extensions that are constructed and activated during calendar year 2004.

E. The Milestone for the end of calendar year 2005 (400 cumulative miles activated), and the penalty, if any, will be waived in the event that Adelphia expends \$5 million or more in calendar year 2005 on Remaining Docket 6445 Line Extensions and the Bankruptcy Court has not approved a plan of reorganization for Adelphia Communications before June 1, 2005. If the Bankruptcy Court approves reorganization before June 1, 2005, then there is no \$5 million cap on 2005 line extensions and the Milestone of 400 cumulative miles activated applies.

F. Milestones for years 2006, 2007 and 2008 are not subject to waiver on the basis of either dollars expended to construct the Remaining Docket 6445 Line Extensions or Adelphia's progress toward reorganization in the bankruptcy.

2. If Adelphia fails to meet the Milestone as prescribed in subparagraph 1.B. above, and as reported to the Board and the Department as prescribed in subparagraph 4.C. below, the penalty as described in subparagraph 1.B. above shall become due and payable to the State of Vermont and tendered to the Board no later than thirty (30) days following the applicable Milestone Date, subject only to Adelphia's claim of waiver asserted by Adelphia in compliance with the terms and conditions of subparagraph 1.C. Additional penalties may become due and payable in accordance with paragraph 1 above following investigation and hearing as provided in subparagraph 4.C. Any cure pursuant to paragraph 11 below shall not reduce the amount of penalties due under subparagraph 1.B.

3. In lieu of payment of cash penalties, or payments from the existing performance bond in Dockets 6101/6223, that potentially could be imposed in Dockets 6656 and 6877, Adelphia commits to build Additional Line Extensions, following completion of the Remaining Docket 6445 Line Extensions, as described in paragraph 1 above, as follows:

A. The quantity of Additional Line Extensions shall be determined by the pace at which Adelphia constructs the Remaining Docket 6445 Line Extensions. Adelphia will incur an additional and cumulative obligation to construct Additional Line Extensions in each year that

the Remaining Docket 6445 Line Extensions remain incomplete.² The quantity (in strand miles) of Additional Line Extensions shall accrue according to the following schedule until all Remaining Docket 6445 Line Extensions are constructed and activated:

<u>Date</u>	<u>Incremental</u> <u>Add'tl Line Extensions</u>	<u>Cumulative</u> <u>Add'tl Line Extensions</u>
On or before 12/31/06	150 miles	150
1/1 -12/31/07	75	225
1/1- 12/31/08	75	300
1/1-12/31 of each subsequent year	100	Prev. Yr. Cum. Total + 100

B. Adelphia shall place all Additional Line Extensions, as determined above, in service³ by December 31, 2009. At its discretion, Adelphia may commence construction of Additional Line Extensions sooner than calendar year 2009. However, should Adelphia commence construction of any Additional Line Extensions sooner than calendar year 2009, whether or not any such line extension miles qualify as Cumulative Additional Line Extensions will not be determined until Adelphia conducts its annual house count survey next following its completion of the Remaining Docket 6445 Line Extensions.

C. Adelphia will be deemed to have fulfilled its obligation to construct Additional Line Extensions when the cumulative length of constructed and activated Additional Line Extensions equals or exceeds the amount of Cumulative Additional Line Extensions determined in accordance with subparagraph A., above.

D. Whether or not any line extension miles constructed qualify as Cumulative Additional Line Extensions will be determined as follows:

Upon construction and activation of all Remaining Docket 6445 Line Extensions, Adelphia shall take the total miles of all non-Remaining Docket 6445 Line Extensions constructed and activated since December 15, 2003, and shall subtract from that total:

² "Incomplete" means cable service is not available to homes along the cable route.

³ "In service" means cable service is available to homes along the cable route.

1. All miles of line extensions constructed and activated with customer contributions in aid of construction;
2. All miles of line extensions constructed and activated that were identified and constructed as the result of Adelphia's qualifying density requirements in its CPGs in any given year; and,
3. All miles of line extensions constructed and activated that would have qualified for construction without customer contribution based on the qualifying density applicable for the annual house count survey next following Adelphia's completion of the Remaining Docket 6445 Line Extensions.

Any miles of extensions constructed and activated that remain after the above calculation shall be credited against the amount of Cumulative Additional Line Extensions owed by Adelphia. The balance of the Cumulative Additional Line Extensions owed by Adelphia shall be constructed and activated as soon as possible thereafter but in no event later than December 31, 2009.

E. Adelphia may exercise its judgment in selecting the geographic areas into which it constructs Additional Line Extensions, but shall make reasonable efforts to construct Additional Line Extensions in unserved areas having a high density of homes-passed-per-mile at the time potential line extensions are surveyed.

F. The duty to demonstrate that Adelphia has fulfilled its obligation to construct Additional Line Extensions shall be upon Adelphia. When Adelphia seeks to demonstrate that it has fulfilled this obligation, it shall, concurrent with the filing of its annual house count survey next following its completion of the Remaining Docket 6445 Line Extensions, identify and categorize all non-Remaining Docket 6445 Line Extensions constructed and activated subsequent to December 15, 2003 consistent with the categories described in subparagraph 3.D. above in a manner that allows verification that the obligation has been met.

G. The Additional Line Extension miles shall be convertible, at the Public Service Board's discretion, into monetary penalties at a rate of \$30,000 per mile if Adelphia fails to complete the Additional Line Extensions by December 31, 2009.

4. Adelphia shall provide a bond or equivalent security, as provided below, to guarantee payment of any penalties that may become due pursuant to this Stipulation:

A. Beginning on or before December 15, 2003, Adelphia shall provide a bond or equivalent form of security, payable to the Public Service Board, in the amount of \$5,000,000.

Each year, effective on December 15, said bond or equivalent security shall be adjusted as provided below, however, in no event shall the amount of the bond or equivalent security posted ever be less than the amount calculated as the product of the cumulative Remaining Docket 6445 Line Extensions (including any miles due and unbuilt from prior calendar years) to be built in a particular calendar year times the penalty per mile short for that year as specified in subparagraph 1.B:

<u>Date</u>	<u>Bond or Equivalent Security Amount</u>
12/15/03	\$5,000,000
12/15/04	\$5,200,000
12/15/05	\$8,100,000
12/15/06	\$8,400,000
12/15/07	\$8,700,000
12/15/08	\$9,000,000

Adelphia shall provide to the Board a copy of the annual bond or equivalent security with a copy to the Department.

If, in any year, Adelphia exceeds the cumulative miles due for that year's Milestone, Adelphia shall be permitted to seek the Board's approval to reduce the bond or equivalent security posted for the following year to account for the impact of Adelphia's exceeding its Milestone requirement.

B. Adelphia acknowledges that the aggregate amount of penalties to which it may be subject are not limited to the aggregate amount of the bonds or equivalent securities. The penalties shall be calculated in accordance with subparagraphs 1.A. through 1.F. above and additional penalties, including revocation, may be imposed in accordance with paragraph 11 below.

C. By December 15, 2003, Adelphia shall provide to the Board and Department a statement of the number of Remaining Docket 6445 Line Extensions that were not constructed and activated as of December 15, 2003. By December 15th of each year, beginning with December 15, 2004, Adelphia shall provide to the Board and Department a statement of the number of Remaining Docket 6445 Line Extensions that were constructed and activated as of that date. Any adjustments to the bond described in subparagraph 4.A. above shall be based on the December 15th statement. In the event Adelphia constructs and activates additional miles between December 15th and the following Milestone Date, Adelphia may file a supplemental statement within ten (10) business days of the applicable Milestone Date. The

accuracy of such statement(s) shall be supported by a sworn, signed and notarized affidavit from the Senior Vice President of Adelphia Communications or its successor and, upon notice, may be subject to investigation and hearing by the Board. Notice of the intent to seek any such investigation shall be provided to Adelphia within sixty (60) days of the filing of the affidavit with the Department and the Board.

D. Adelphia may, at any time subsequent to January 1, 2010, or such earlier time as Adelphia fulfills the obligations of paragraphs 1 and 3 herein, petition the Board for discharge of the bond or equivalent security required by this paragraph. Upon notice and opportunity for hearing, the Board will authorize Adelphia to dissolve the bond immediately if the requirements of paragraphs 1, 2 and 3 herein have been met.

E. In the event that Adelphia fails by twenty (20) or more miles to meet an annual cumulative Milestone in any year, then the Department in its discretion may require Adelphia to provide to the Board a bond or equivalent security payable to the Board for the total amount of all bond or equivalent security amounts specified for all remaining years, as set forth in subparagraph 4.A. above. Upon notice from the Department to Adelphia of this requirement, Adelphia shall provide the bond or equivalent security to the Board within thirty (30) days.

5. Adelphia shall file quarterly reports with the Board and Department, beginning on March 31, 2004 and continuing until all Remaining Docket 6445 Line Extensions and Additional Line Extensions are constructed and activated, containing the following information:

- A. Identification of the extensions to be constructed to meet that year's Milestone.
- B. Anticipated completion date for the Milestone.
- C. Current progress achieved towards the Milestone.
- D. Status of makeready work affecting the identified extensions.
- E. Status of pole applications affecting the identified extensions.
- F. Status of pole applications affecting the subsequent year's Milestone.
- G. Status of makeready work affecting the subsequent year's Milestone.
- H. Any line extensions intended to meet the Additional Line Extension requirements.

The Department and Adelphia shall work in good faith to negotiate the format of the quarterly reports required by this paragraph. The reports required by this paragraph are in addition to, and do not alter Adelphia's obligations to provide house count surveys and any other reports as required by the Stipulation and the Board's Order in Docket 6445 or any other Board Order, Board Rule, its CPG's or Vermont law.

6. Adelphia commits to maintaining, throughout the term of its existing renewal franchises, the existing \$1 million performance bond required by the Board's Orders in Dockets 6101/6223 and Adelphia shall not petition the Board for a reduction of the bond pursuant to paragraph 1 of its CPGs or otherwise. Within five (5) business days of execution of this Stipulation, Adelphia shall pay \$25,000 to the Board. This payment shall fully satisfy Adelphia's obligation pursuant to Docket 6445 to pay out \$25,000 from the Dockets 6101/6223 performance bond.
7. Adelphia shall not itemize on subscriber bills the Vermont gross revenue tax, imposed on Adelphia pursuant to 30 V.S.A. § 22, unless Vermont law is amended to allow such itemization.
8. The Parties agree that Adelphia shall not be required to pay the costs of the Department's investigation as Ordered by the Board in Dockets 6101/6223.
9. Within ten (10) business days of the latter of the effective date of this Stipulation and the effective date of the companion PEG Stipulation filed of even date herewith, the Parties agree to file a Stipulated Motion to Dismiss With Prejudice in each of the two pending federal court actions, Civil Action Nos. 1:00-CV-298 and 1:03-CV-219.
10. Adelphia agrees that the following statements are applicable to the Remaining Docket 6445 Line Extension and Additional Line Extension obligations set forth in paragraphs 1 through 4 of this Stipulation:
 - A. Adelphia is aware of all costs associated with constructing the agreed-upon line extension mileage and it expressly undertakes its obligations knowing the risk of possible increases in costs, including increases in capital costs, materials costs and/or labor costs during the time it takes to complete the line extension obligations set forth in this Stipulation.
 - B. Adelphia is aware of the existence and potential for future satellite and other video competition in Vermont, and that DBS providers have entered the local-into-local programming market in Vermont and will likely continue to provide and expand upon the availability of such services.
 - C. Adelphia expressly undertakes the line extension obligations set forth in this Stipulation knowing the risk of increases in competitive pressures from satellite and other video service providers, and that DBS and other providers may in the future offer new services that could significantly impact Adelphia's ability to obtain and/or retain customers, such as video on demand, broadband data services, telephony and other advanced services both during the time

it takes Adelphia to complete the line extension obligations set forth in this Stipulation, and after the line extensions are fully constructed.

D. Adelphia is aware of and accepts the risk that the extensions that are to be built as a result of this Stipulation may not achieve a penetration or subscription rate at a level that Adelphia considers appropriate.

E. Adelphia is aware of and accepts the risk that the extensions that are to be built as a result of this Stipulation may not achieve a rate of return that Adelphia considers appropriate, or may experience a negative return, on the required investment.

F. Adelphia further expressly waives its right to invoke the following grounds in support of any request under the Cable Act to modify the line extension obligations set forth in this Stipulation:

- i. Increased construction costs
- ii. Increased competition from satellite and other video providers
- iii. Decreased or negative return on investment
- iv. The unavailability of, or increased cost of, capital

G. Adelphia's obligations to construct the identified number of miles of Remaining Docket 6445 Line Extensions and Additional Line Extensions as set forth in this Stipulation shall not be subject to modification or reduction for any cause, subject to paragraph 17 below.

H. The annual schedule by which Adelphia must construct the line extensions set forth in this Stipulation may be adjusted only for matters that are strictly outside the control of the company for reasons of Force Majeure as set forth in subparagraph 1.C. In no event shall a failure of advance planning or coordination on Adelphia's part, including without limiting the generality of the foregoing, a failure to timely order necessary materials or to contract with third parties to timely provide necessary services, or to timely apply for and obtain attachment authorization from a pole owning utility except as provided in subparagraph 1.C., or to timely apply for and obtain any necessary permits, that leads to Adelphia's subsequent inability to meet a scheduling deadline or milestone set forth herein, or any claim of commercial impracticability, be grounds for excuse under this Stipulation.

11. If Adelpia fails to comply with the terms and conditions of this Stipulation, enforcement proceedings may be commenced by the Board on its own motion or on petition by the Department and once initiated, Adelpia shall not seek in any forum other than the Board itself, to stay such proceedings. Adelpia shall be permitted sixty (60) days from initiation of enforcement proceedings to cure the violations which caused the enforcement proceeding to commence. Any such cure shall not act as a bar to the continuation of the enforcement proceeding and, once commenced, the only issues to be litigated in the enforcement proceeding shall be: (A) whether Adelpia failed to strictly comply with the terms and conditions of paragraphs 1-4 (inclusive), or 6 of this Stipulation, or, whether Adelpia intentionally failed to comply with paragraph 7, or, whether Adelpia failed to substantially comply with all remaining terms and conditions of this Stipulation, (B) whether any mitigating or aggravating circumstance impacts the level of penalty for Adelpia's violation(s), if found, including any cure or attempted cure by Adelpia or any ongoing or historical failure to comply with Board Orders, Stipulations, CPGs or Vermont law and (C) the appropriate penalties, including, but not limited to, payments from the bond or equivalent security as required by paragraph 4 of this Stipulation, revocation of its CPGs for such violations, and payments from the Dockets 6101/6223 performance bond. Successful completion of all terms and conditions of this Stipulation without commencement of enforcement proceedings pursuant to this paragraph as evidenced by an Order of the Board discharging the bond or equivalent security pursuant to subparagraph 4. D. above shall operate as full and final resolution of the issues that are the subject of investigation in Dockets 6656 and 6877.

12. Adelpia shall implement the corrective actions specified in Attachment B within the time frames specified therein.

13. Adelpia agrees to use best efforts to monitor its compliance and to notify the Board and the Department promptly and in writing if, at any time in the future, it identifies any instances in which it fails to substantially comply with the provisions of the Board's Orders, its CPGs or Vermont law. If, at any time in the future, Adelpia identifies any other instances of non-compliance with any applicable provisions of the Board's Orders, its CPGs or Vermont law, it further commits to notifying the Department promptly.

14. Except as specifically provided in the foregoing paragraphs, all notices, claims, requests, demands and other communications under this Stipulation must be in writing, signed by the party giving such notice, and shall be delivered by hand, courier or first-class registered or certified mail, postage prepaid, return receipt requested, to the other party at the address(es) set forth below:

If to Department:

Vermont Department of Public Service

Attn: Commissioner
112 State Street, 2nd Floor
Drawer 20
Montpelier, Vermont 05620-2601

If to Board:

Vermont Public Service Board
Attn: Chairman
112 State Street, 4th Floor
Drawer 20
Montpelier, Vermont 05620-2701
If to Adelphia:

Adelphia Communications Corporation
200 Minuteman Road, Suite 102
Andover, MA 01810
Attention: VP Law and Public Policy
With a copy to: Adelphia Cable Communications
43 Adelphia Drive
S. Burlington, VT 05403
Attention: Legal / Regulatory Affairs.

15. This Stipulation does not limit in any way the authority of the Department or the Board to investigate or enforce compliance of any conditions of Adelphia's CPG's, Board Orders or Vermont law, other than those specifically resolved herein.

16. Any disputes arising under this Stipulation shall be heard and decided by the Board pursuant to Title 30. Any appeal from such Board Order shall be to the Vermont Supreme Court as provided in 30 V.S.A. § 12. Provided however, that neither this provision nor any other provision herein, shall preclude Adelphia or the Department from seeking relief or enforcing its rights in a court of law for breach of either Party's duty of good faith and fair dealing hereunder.

17. This Stipulation may be modified only by mutual agreement of the Parties, subject to approval of the Board. Any such modification must be in writing and signed by authorized representatives of the Parties.

18. The Parties agree that the settlement set forth in this Stipulation is a compromise of contested claims reached in arms-length negotiations, and that neither party admits any guilt or wrongdoing herein. The Parties further agree that by executing this Stipulation the Parties are expressly indicating their intent that the terms and conditions recited herein represent the full and final resolution on the merits of the matters encompassed by this Stipulation, and that this Stipulation and any Board Order approving or adopting it, shall be given full preclusive effect in any future proceeding relating to the provisions of paragraphs 1, 2, 3, 4, 6, 7, 10 and 11 herein.

19. The obligations Adelphia undertakes pursuant to the terms and conditions of this Stipulation do not constitute terms and conditions of or modification to its CPGs and are not subject to modification pursuant to 47 U.S.C. § 545.

20. The Parties' obligations under this Stipulation, with the exception of those obligations pursuant to paragraphs 6 and 7 herein, expire upon the construction and activation of all line extensions pursuant to paragraphs 1 and 3, as evidenced by a Board Order discharging the bond or equivalent security pursuant to subparagraph 4. D above.

21. The Parties agree that should the Board fail to approve this Stipulation and the companion PEG Stipulation filed of even date herewith in their entirety, the Parties' agreements set forth herein shall terminate, and the Parties shall be placed in the position that each enjoyed in each proceeding addressed herein before entering into the Stipulation. In such event the Parties' agreements in this Stipulation shall not be construed by any Party, tribunal, or other entity as having precedential impact on any testimony or positions which may be advanced in these proceedings, shall not constitute any part of the record in these proceedings and shall not be used for any other purpose. In the event the Board conditionally approves this Stipulation and neither party objects, within ten (10) business days, to any conditions imposed by the Board, then this Stipulation as amended shall be deemed approved as if approved in its entirety by the Board.

22. All terms, conditions and provisions of this Stipulation shall be binding upon, inure to the benefit of, and be enforceable by the respective Parties hereto, including their predecessors, successors and assigns.

23. A. As soon as practicable, but not later than twenty (20) business days of execution of this Stipulation, Adelphia shall submit this Stipulation to the Bankruptcy Court and shall exercise best efforts to obtain authorization to enter into this Stipulation. This Stipulation shall not be effective until an order of the Bankruptcy Court is entered authorizing Adelphia to enter into this Stipulation. The Parties agree that should the Bankruptcy Court fail to approve this Stipulation in its entirety, unless agreed to otherwise by the Parties, this Stipulation shall not: (i) be construed by any Party, tribunal, or other entity as having precedential impact on any testimony or positions which may be advanced in these

proceedings; (ii) constitute any part of the record in any proceedings; (iii) be admissible as evidence for any purpose; and (iv) be used for any other purpose.

B. Neither this Stipulation nor anything herein shall constitute or be deemed to be an assumption or rejection of the CPGs (as subsequently amended) pursuant to section 365 of the Bankruptcy Code. Adelphia expressly reserves the right to assume or reject any or all of the CPGs in its bankruptcy case, and all rights of the Parties are reserved with respect thereto, including, but not limited to, whether the CPGs are executory contracts pursuant to Section 365 of the Bankruptcy Code and the Department's right to cure costs, if any, upon assumption of any of the CPGs.

C. For any breach by Adelphia of this Stipulation, including, but not limited to, through rejection of any of the CPGs, the total amount of administrative claims that the Department may assert shall be capped at \$5.3 million. Any allowed claim for damages in excess of such amount shall be treated as a prepetition unsecured claim. The terms of this paragraph 23 shall automatically terminate upon the assumption, pursuant to section 365 of the Bankruptcy Code, of the CPGs by Adelphia.

24. The Parties jointly move that the Board enter a final order adopting this Stipulation and the companion PEG Stipulation filed of even date herewith in their entirety, without modification, as the full and final resolution of all outstanding issues in Dockets 6101/6223 and 6778 and close those Dockets. The Parties jointly move that Dockets 6656 and 6877 be closed, provided that the issues subject to investigation in those Dockets shall be subject to further review only pursuant to subparagraph 11.B above.

25. If the Board approves this Stipulation in its entirety, or conditionally and neither party timely objects as provided in paragraph 21, then the Parties waive their rights to appeal the Board's Order under any state or federal law.

26. The effective date of this Stipulation shall be the date on which the Board approves this Stipulation, following approval of the Bankruptcy Court pursuant to paragraph 23, and subject only to timely objection by the Parties as specified in paragraph 21.

IN WITNESS WHEREOF, each of the Parties executes this Stipulation through its duly authorized representative.

Dated at Montpelier, Vermont this 20th day of
November, 2003.

VERMONT DEPARTMENT OF PUBLIC
SERVICE

By: _____
John Cotter, Special Counsel
Dixie Henry, Special Counsel
Department of Public Service
112 State Street, Drawer 20
Montpelier, Vermont 05620-2601

COUNSEL FOR THE DEPARTMENT

Dated at Andover, Massachusetts this 20th day
of November, 2003.

MOUNTAIN CABLE COMPANY, L.P.
d/b/a ADELPHIA CABLE
COMMUNICATIONS AND ALL CABLE
TELEVISION COMPANIES DOING
BUSINESS IN VERMONT AS ADELPHIA
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